

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**

Applicant(s): James Birle	
Application No.: 10/064,745	Group Art Unit: 3628
Filed: August 12, 2002	Examiner: Kirsten Sachwitz Apple
Title: Convertible financial instruments with contingent payments	Confirmation No: 6610
Attorney Docket No.: MLCO.P002	

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**REPLY BRIEF**

This brief is filed in response to the Examiner's Answer dated August 16, 2007. Reversal of the  
10 rejection is respectfully urged.

**Grounds of rejection to be reviewed on Appeal**

A. Whether the rejection of claims 1-95 as final under 35 USC § 112 should be withdrawn.

15      **Argument**

The Examiner states that the definition of a promise is something that has the effect of an express assurance; indication of what may be expected. The Examiner proposes to use "contractually agrees" or the like instead of promise, as it is supposedly clearer. Applicant respectfully points out that the  
20 noun "promise" or rather the gerund "promising" appears only in claims 1-9, 26-34, 44-51, 60-61, 76, 91, and 93-94. Applicant tried to cancel these claims in the amendment filed on October 25, 2006.

The Examiner refused to enter the above-mentioned amendment. Further, the above-listed claims are method claims and were allowed in the application 10/476,705, now US Pat. No. 7,219,079.

25 Claims 10-25, 35-43, 52-59, 62-75, 77-90, 92, and 95 are being appealed and these claims do not contain the word "promise" or the gerund "promising".

Further, the Examiner also states that everything in claim 1 after “promising” is interpreted as intended use only in its current form. The “promising” step, says the Examiner, has no relationship to the “converting” step. The Examiner explains that for purposes of examination, the claim is to bbe

5 interpreted to include only:

“issuing the financial instrument  
converting the instrument upon request”

The Examiner suggested rewording the claim such as

10 “converting based on the contractual agreement....”

In response Applicant points out that it tried to cancel claim 1 in the Amendment filed October 25, 2006. The Examiner refused to enter the amendment. In any event claim 1 is not being appealed.

15 The Examiner finally states that in Claim 1 the term “converting” does not specify, “what it is being converted into” and appropriate action is required. In response Applicant points out again that it tried to cancel claim 1 in the Amendment filed October 25, 2006. The Examiner refused to enter the amendment. Claim 1 is not being appealed.

20 Thus, the rejection of claims 1-9, 26-34, 44-51, 60-61, 76, 91, and 93-94 should be withdrawn because at this stage the amendments of the above-listed claims are impossible and these claims are no longer in the case.

B. Whether the rejection of claims 10-25, 35-43, 52-59, 62-75, 84-90, 92 and 95 as supposedly  
25 “directed to non-statutory subject matter” under 35 USC Section § 101, because they recite a “financial instrument” or an “offering document”, should be reversed.

**Argument**

30 The Examiner notes that each of the independent claims recites a “financial instrument” or an “offering document”.

The Examiner rejects these claims under 35 USC § 101 because the claimed invention is supposedly directed to non-statutory subject matter. Further, the Examiner rejects the above mentioned claims on the view that they are supposedly directed to a disembodied data structure which is supposedly *per se* non statutory (*In re Warmerdam*, No. 93-1294 (Fed. Cir. August 11, 1994)). The Examiner also  
5 expresses the view that in the present case, the claimed data structure is a mere arrangement of data without any associated functionality.

The Examiner quotes MPEP section 2106. IV. B. 1:

When nonfunctional descriptive material is recorded on some computer-readable medium, it is not statutory since no requisite functionality is present to satisfy the practical application requirement. Merely claiming nonfunctional descriptive material stored in a computer-readable medium does not make it statutory. Such a result would exalt over substance. *In re Sarkar*, 588 F. 2d 1330, 1333, 200 USPQ 132, 137 (CCPA 1978) (“[E]ach invention must be evaluated as claimed; yet semantogenic considerations preclude a determination based solely on words appearing in the claims. In the final analysis under 101, the claimed invention, as a whole, must be evaluated for what it is.”) (quoted with approval in *Abele*, 684 F. 2d at 907, 214 USPQ at 687). See also *In re Johnson*, 589 F. 2d 1070, 1077, 200 USPQ 199, 206 (CCPA 1978) (“form of the claim is often an exercise in drafting”). Thus, nonstatutory music is not a computer component and it does not become statutory by merely recording it on a computer disk.

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20 The Examiner presented identical reasons for rejection under 35 USC § 101 in the Final Office Action dated September 7, 2006. In the year that has passed since the mailing of the Final Office action, applicant has filed an Appeal Brief on May 7, 2007, in which applicant presented arguments and cited authority. None of the argument or cited authority has been responded to in the Examiner's brief.

Out of courtesy to the Board, applicant will not repeat its arguments now in detail, but will merely summarize and review a few points and draw the Board's attention to the arguments which have already been presented.

30 In its appeal brief, the applicant drew a comparison between its claims (directed to paper as a medium carrying functional information) and the *Lowrey* or *Beauregard* types of claims, where it is USPTO policy that a medium carrying functional information is patentable subject matter if the medium can be put to use with a suitable apparatus such as a computer. The claimed apparatus are likewise put to use with a suitable apparatus, namely a banking and legal system. Tellingly, in the Examiner's brief, the Examiner agrees with the applicant and admits the legitimacy of the comparison:

While the above example from the MPEP is direct[ed] to data and computer structure the same principles hold true for “financial instrument” or an “offering document”.

(Examiner's brief, p. 6.)

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*Tangible result.* The Examiner puts forth the view (brief at 7) that only if a “tangible result” is set forth can claimed subject matter constitute patentable subject matter. This view is, of course, in error. “Results” only happen if methods are performed. The claims on appeal are not method claims, but are apparatus claims. It is commonplace for an apparatus or composition-of-matter claim to be devoid of 10 any recited “result”, yet many apparatus and many compositions of matter constitute patentable subject matter.

*Conclusion.* Based on previously presented arguments, the rejection of claims 10-25, 35-43, 52-59, 62-75, 84-90, 92 and 95 should be reversed.

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Respectfully submitted,

/s/

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Carl Oppedahl  
PTO Reg. No. 32746  
telephone 970 468 8600

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